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Message Text

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ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 AGRE-00 AID-05 IGA-02 L-03
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06
TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 OMB-01 /057 W
----------009364 080837Z /10
P 080650Z SEP 77
FM AMEMBASSY DACCA
TO SECSTATE WASHDC PRIORITY 6104

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E.O. 11652: N/A
TAGS: EAID, BG
SUBJECT: INCREASE IN PL-480 TITLE I AMENDMENT -- VEG OIL

REF: STATE 197972

1. SUMMARY. THE BDG HAS REQUESTED WAIVER OF EXPORT LIMITATION CLAUSE IN PL-480 AGREEMENT TO PERMIT EXPORT OF 10,000 TONS OF GROUNDNUTS AND 5,000 TONS OF SESAME SEEDS. MISSION RECOMMENDS WAIVER BE GRANTED. END SUMMARY.

2. IN LETTER TO EMBASSY, BDG MINISTRY OF PLANNING HAS ASKED FOR WAIVER OF THE EXPORT LIMITATION CLAUSE IN PART II, ITEM IV, B, OF FY 77 PL-480 AGREEMENT AS AMENDED, TO ENABLE BANGLADESH TO EXPORT 10,000 TONS OF GROUNDNUTS AND 5,000 TONS OF SESAME SEEDS. OF THIS, 5,000 TONS OF GROUNDNUTS AND 5,000 TONS OF SESAME SEEDS WOULD BE SOLD TO A BRITISH FIRM, SONAF OIL SEEDS LTD., WHICH HAS ENTERED INTO A TENTATIVE THREE-YEAR, $4 MILLION CONTRACT WITH AN EXPORT FIRM HERE, SUBJECT TO U.S. WAIVER.

3. BDG'S REQUEST EMPHASIZES FOREIGN EXCHANGE BENEFITS FROM EXPORTS, LIMITED DOMESTIC CRUSHING CAPACITY AND LACK OF DOMESTIC DEMAND FOR GROUNDNUT AND SESAME SEEDS AND
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OILS. BDG HAS ALSO STRESSED THAT PROGRAMS FOR INCREASED GROUNDNUT PRODUCTION ARE EXPECTED TO INCREASE OUTPUT FROM 30,000 TONS IN FY 75 TO 39,000 TONS IN FY 76; THIS INCREASE IN PRODUCTION WILL BE VERY DIFFICULT TO SUSTAIN WITHOUT EXPORT OUTLET FOR SURPLUS. DOMESTIC DEMAND FOR MORE EXPENSIVE GROUNDNUT OIL IS LIMITED; CAPACITY OF BANGLADESH'S ONLY GROUNDNUT OIL

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PLANT IS ONLY 10,000 TONS A YEAR; SO SURPLUS GROUND-
NUTS WOULD NOT, IN ANY CASE, BE USED TO PRODUCE OIL.

4. SONAF MANAGING DIRECTOR PETER JORDAN CALLED ON
EMBOFFS SEPTEMBER 7 AND EXPLAINED THAT 5,000 TONS OF
GROUNDNUTS AND 5,000 TONS OF SESAME SEEDS TO BE PUR-
CHASED UNDER PROPOSED $4 MILLION CONTRACT WOULD BE
SELECTED SORTED VARIETIES OF EATING PEANUTS TO BE PUR-
CHASED AT A PREMIUM PRICE OF $270 A TON OVER A THREE-
YEAR PERIOD. NUTS WILL BE USED FOR EATING, NOT OIL.
SESAME SEEDS WOULD ALSO BE HIGHEST
QUALITY VARIETY FOR CONFECTIONERY USE PURCHASED AT
$350 A TON. JORDAN SAID DOMESTIC PRICE FORCOROUND-
NUTS IS CURRENTLY $75 TO $80 A TON FOR NON-SELECT
VARIETIES.

5. MISSION RECOMMENDS U.S. GRANT WAIVER REQUESTED ON
FOLLOWING GROUNDS: (A) PROPOSED EXPORTS WILL EARN
MUCH NEEDED FOREIGN EXCHANGE; BANGLADESH'S EXPORTS
NOW FINANCE ONLY ONE-THIRD OF IMPORTS; BALANCE IS
FINANCED BY AID, AND U.S. AND OTHER DONORS ARE URGING
BDG TO BOOST EXPORTS TO REDUCE AID DEPENCENCE AND EARN
FOREIGN EXCHANGE TO SERVICE AND REPAY LOANS; (B) BDG
LACKS CAPACITY TO CRUSH AND REFINE SURPLUS GROUNDNUTS;
(D) DOMESTIC MARKET FOR MORE EXPENSIVE GROUNDNUTS AND
SESAME SEEDS AND OIL IS LIMITED. IF EXPORT OUTLET IS
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NOT AVAILABLE, PRICES AND PRODUCTION WILL DECLINE.
MASTERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PL 480, ECONOMIC ASSISTANCE, AMENDMENTS, VEGETABLE OILS
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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ISecure: 1
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Review Action: RELEASED, APPROVED
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Review Date: 24-Nov-2004 12:00:00 am
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Subject: INCREASE IN PL-480 TITLE I AMENDMENT -- VEG OIL
TAGS: EAID, BG
To: STATE
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